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Congress of the United States
House of Representatives
Washington, DC 20515-4209

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COMMISSION ON SECURITY AND COOPERATION
IN EUROPE (U.S. HELSINKI COMMISSION)

December 3, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Nita Lowey
Chairwoman
Appropriations Committee
H-307, U.S. Capitol
Washington, DC 20515

The Honorable Jose Serrano
Chairman
Commerce, Justice, Science Appropriations Subcommittee
H-310, U. S. Capitol
Washington, DC 20515

Dear Speaker Pelosi, Chairwoman Lowey and Chairman Serrano,

I write to urge your continued support for the Minority Business Development Agency (MBDA) business centers. I urge you to include a six-month extension for the business centers to run through September 30, 2021 in any future continuing resolution or supplemental appropriations bill. Without an extension, businesses centers across the country will shutter on March 31, 2021 when their five-year grants expire. Because the MBDA has yet to post funding opportunities for new business center grants and because the application cycle typically last six months, I believe a six-month extension is crucial to ensuring that business centers can apply for and receive grants to operate through the end of FY 2021.

The MBDA is the only federal agency created specifically to foster the growth and global-competitiveness of our nation's 11 million minority-owned businesses. The MBDA's national network of 34 business centers has helped minority-owned businesses maximize job creation and gain access to capital, contracts, and markets through services that include financial counseling, risk analysis, procurement assistance, market research, general business consulting, and assistance with securing investments and entering new markets. Over the past ten years, the MBDA's programs and services have secured nearly \$50 billion in capital and contracts for minority-owned business and helped create and retain over 172,000 jobs.

However, the business centers operate on five-year grants that expire on March 31, 2021. Without an extension, the business centers will close on March 31 and minority-owned businesses will be left without services or support during a historic crisis that threatens to shutter thousands of minority-owned businesses, which have been disproportionately affected by the COVID-19 pandemic.

We cannot afford to lose this economic lifeline. Minority-owned businesses employ more than 6.3 million people and generate over \$1.8 trillion in annual revenue. They have a significant impact on the national economy that only continues to grow over time. However, minority-owned businesses also face unique challenges that non-minority-owned businesses are less likely to encounter. For instance, banks and investors are less likely to offer loans or investments to minority-owned businesses. The average loans the firms receive are also smaller and charge higher interest rates. Because of the massive racial wealth and income gap, minority business owners also have less access to the informal networks that businesses traditionally rely on for pursuing opportunities. The economic disadvantages of minority communities also reduces the sales and opportunities for businesses that operate in them.

The pandemic has only further exacerbated these inequalities. Millions of Americans have lost their jobs but the unemployment rates among Black, Hispanic, and Asian-Americans have been persistently higher than for White-Americans. The pandemic also forced 41 percent of Black-owned businesses to close between February and April, compared to 17 percent of White businesses. Most likely, the disparity is due to Black consumers suffering a worse economic downturn and Black businesses having less access to capital and credit. There is even evidence that many Black-owned businesses were unable access funds from the Paycheck Protection Program (PPP) because the program was administered through banks that Black owners were less likely to have relationships with. According to a [study](#) by Goldman Sachs, 43 percent of Black-owned businesses expect cash reserves to run out by the end of this year without further federal relief, compared to 30 percent of business owners overall.

As the end of the year nears, many businesses will be forced to shut down or lay off workers, since federal relief programs will expire including the Main Street Lending Program, Economic Injury Disaster Loans, enhanced unemployment, and the eviction moratorium. Yet at the very moment that minority-owned businesses are facing the greatest challenges, the MBDA Business Centers could be forced to close after years of invaluable service.

I am pleased that both the House and Senate versions of the FY 2021 Commerce, Justice, Science, and Related Agencies bill included funding for the MBDA that would enable the

business centers to operate through the end of the fiscal year. We appreciate the bipartisan commitment to MBDA. In fact, both the House and Senate Appropriations Committees explicitly noted that they sought to fully fund the program in order to sustain business center operations.

Given the scale of our current crisis, the unique challenges that minority-owned businesses face, and the economic gaps between minority and non-minority communities, it is critical that we fund MBDA business centers to help minority-owned firms overcome some of the obstacles that they disproportionately encounter.

I appreciate your consideration of this important request and look forward to continuing to work with you.

As always, I remain,

Most sincerely,

A handwritten signature in blue ink that reads "Steve Cohen". The signature is written in a cursive, flowing style.

Steve Cohen
Member of Congress